

HUMAN SERVICES BOARD

INTRODUCTION

FINDINGS OF FACT

1. [Petitioner's grandson] was born on August 14, 1992. On June 3, 1994, the Family Court of the State of New York transferred custody of the child to his paternal grandmother, [petitioner]. Subsequently, [petitioner] relocated with the child in Vermont. On June 11, 2001, [petitioner] filed a petition for adoption of her grandchild in the Vermont Probate Court. In August of 2002, the court terminated the parental rights of the child's birth parents. On September 17, 2002, the court found that it was in the child's best interests that he be adopted by his grandmother and ordered the adoption.

2. Prior to the finalization of the adoption, [petitioner] was not advised that she might be eligible for adoption assistance.

3. In January of this year, [petitioner] filed an application for benefits available under the Vermont Adoption Assistance Program ("Program"). The department administers the Program for the purpose of providing federal and state assistance to promote the adoptions of special-needs children. As the administrator of federal funds, the department is bound to comply with the federal regulations governing the application and eligibility for Program participation.

4. As it pertains to this case, the Program provides for the reimbursement of nonrecurring expenses and for ongoing adoption assistance, including Medicaid.

5. Because of his age, membership in a minority group, and medical conditions (including Attention Deficit Hyperactivity Disorder, Asperger Syndrome, and learning disability) the child falls within the definition of a child with "special needs." With the exception of the application requirement addressed below, the child meets all the other Program requirements.

6. Federal Program regulations provide that, to qualify for adoption-assistance, the agreement between the

administering state agency and the prospective adoptive parents must be signed prior to the entry of the final decree of adoption. Consequently, Diane Dexter, Vermont's Adoption Chief, notified [petitioner] that the department was denying her application for adoption assistance, solely because the adoption had been finalized prior to the date that she had had filed her application for benefits.

7. As the Human Services Board has acknowledged in prior matters (see, e.g., Fair Hearing No. 14,739; Fair Hearing No. 16,326) the federal agency responsible for administering the Program has stated that, while the department cannot, on its own initiative, circumvent the federal requirement that the reimbursement agreement be filed prior to the finalization of the adoptions, the applicant's lack of notice of Program eligibility may be considered an "extenuating circumstance" that justifies a fair hearing. The fair hearing officer may then determine whether the lack of notice is grounds for determining that the applicant was erroneously denied benefits.

8. In this case, the parties agree that [petitioner] would have received the subsidy benefits if she had timely applied for them. They further agree that [petitioner] was never apprised of her right to apply for such benefits. The

parties have entered into this stipulation to assist the Board in reaching a determination that "extenuating circumstances" exist in this case and that [petitioner] is entitled to an award of up to \$150.00 in non-recurring expenses related to the adoption of the child and an on-going adoption subsidy agreement that will provide the child with Medicaid coverage and a monthly stipend of \$427.00.

9. The parties request that this determination be made on the undisputed documentary evidence that has been submitted by the parties and without the need for further hearing.

ORDER

The decision of the Department denying the petitioner's adoption subsidy benefits is reversed.

REASONS

In addition to the above facts the record is clear that the Department of PATH, which, like SRS, is a Department in the Agency of Human Services, was aware of the fact that the petitioner was planning to adopt her grandchild and did not inform her of the existence of the adoption subsidy program. See Fair Hearing No. 18,020. The parties agree that the legal analysis in this case is the same as that applied by the Board in several previous fair hearings on this issue. See Fair Hearing Nos. 16,768, 16,729, 16,326, and 14,739.

The starting point for such analysis is the federal statute that created the adoption assistance program. 42

U.S.C. § 673 includes the following:

Adoption assistance program

- (a) Agreements with adoptive parents of children with special needs; State payments; qualifying children; amount of payments; changes in circumstances; placement period prior to adoption; nonrecurring adoption expenses

 . . .
- (2) . . . a child meets the requirements of this paragraph if such child--
 - (A)(i) at the time adoption proceedings were initiated, met the requirements of (AFDC eligibility) or would have met such requirements except for his removal from the home of a relative . . . either pursuant to a voluntary placement agreement with respect to which Federal payments are provided . . . or as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child,
 - (ii) meets all of the requirements of subchapter XVI of this chapter with respect to eligibility for supplemental security income benefits, or
 - (iii) is a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to his or her minor parent. . .
 - (B)(i) received aid under the State plan (for AFDC) in or for the month in which such agreement was entered into or court proceedings leading to the removal of such child from the home were initiated, or

(ii)(I) would have received such aid in or for such month if application had been made therefor, or (II) had been living with a relative . . . within six months prior to the month in which such agreement was entered into or such proceedings were initiated, and would have received such aid in or for such month if in such month he had been living with such a relative and application therefor had been made, or

(iii) is a child described in subparagraph (A)(ii) or (A)(iii), and

(C) has been determined by the State, pursuant to subsection (c) of this section, to be a child with special needs.

. . .

(c) Children with special needs

For purposes of this section, a child shall not be considered a child with special needs unless--

(1) the State has determined that the child cannot or should not be returned to the home of his parents; and

(2) the State had first determined (A) that there exists with respect to the child a specific factor or condition (such as his ethnic background, age, membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps) because of which it is reasonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance under this section or medical assistance under subchapter XIX of this chapter, and (B) that, except where it would be against the best interests of the child because of such factors as the existence of significant emotional ties with prospective adoptive parents while in the care of such parents as foster child, a reasonable, but unsuccessful, effort has been made

to place the child with appropriate adoptive parents without providing adoption assistance under this section or medical assistance under subchapter XIX of this chapter.

The above criteria can be summarized as requiring that to be eligible for adoption assistance a child must 1) be either ANFC or SSI eligible at the time the adoption proceedings are initiated; 2) be receiving or eligible for ANFC at the time of the adoption assistance agreement or the court proceedings removing the child from the home; and 3) have "special needs" --i.e., cannot return to live with its parents, have a medical or situational handicap (including being of a racial minority), and because of that handicap cannot be placed for adoption without providing adoption assistance payments.

Federal regulations implementing the above provisions further provide:

The adoption assistance agreement for payments pursuant to section 473(a)(2) must meet the requirements of section 475(3) of the Act and must:

(1) Be signed and in effect at the time of or prior to the final decree of adoption. A copy of the signed agreement must be given to each party. . . .

42 C.F.R. § 1356.40 (b).

The above regulation makes it clear that to be eligible for the adoption assistance program an adoption assistance agreement between SRS and the adopting parents "must...be

signed and in effect at the time of or prior to the final decree of adoption". There is no question in this matter that the petitioner did not apply for adoption assistance until several weeks after the child's adoption was finalized. However, the petitioner maintains (and the Department does not dispute) that the child should be found eligible retroactively because the Agency of Human Services failed to advise her of the existence of the program and that she was prevented by that lack of information from participation in a program for which she was otherwise eligible and which her grandchild needs now.

The federal agency responsible for administering this program, the U.S. Department of Health and Human Services, has issued two policy interpretation memoranda (called PIQs) addressing this question. The first PIQ, ACF-PIQ-88-06 issued December 2, 1988, stated that if there are "extenuating circumstances" adoptive parents may request a fair hearing to demonstrate that "all facts relevant to the child's eligibility were not presented at the time of the request for assistance." If they make that showing, "the State may reverse the earlier decision to deny benefits under title IV-E." Because that directive dealt only with parents who had made an application which may have been erroneously denied, a second memoranda was issued on June 25, 1992, ACF-PIQ-92-02,

addressing further questions, including the state's failure to notify parents of the availability of adoption assistance:

QUESTION 3:

Would grounds for a fair hearing exist if the State agency fails to notify or advise adoptive parents of the availability of adoption assistance for a child with special needs?

RESPONSE:

Yes. The very purpose of the title IV-E adoption assistance program is to encourage the adoption of hard-to-place children. State notification to potential adoptive parents about its existence is an intrinsic part of the program and the incentive for adoption that was intended by Congress. Thus, notifying potential adoptive parents is the State agency's responsibility in its administration of the title IV-E adoption assistance program. Accordingly, the State agency's failure to notify the parents may be considered an "extenuating circumstance" which justifies a fair hearing.

. . .

QUESTION 5:

May a State establish policies defining the factual circumstances which constitute an extenuating circumstance for the purpose of a fair hearing?¹

It is permissible for States to have written guidance regarding the types of situations which would constitute the grounds for a fair hearing in order to assist fair hearing officers. However, State policies may not define the grounds for a fair hearing more narrowly than Federal policy. . . The types of situations which would constitute grounds for a fair hearing include: . . . (4)

¹ Note: Vermont has not established such a definition.

failure by the State agency to advise adoptive parents of the availability of adoption assistance.

If applicants or recipients of financial benefits or service programs under titles IV-B or IV-E believe that they have been wrongly denied financial assistance or excluded from a service program, they have a right to a hearing. It is the responsibility of the fair hearing officer to determine whether extenuating circumstances exist and whether the applicant or recipient was wrongfully denied eligibility.

QUESTION 6:

May a state agency change its eligibility determination and provide adoption assistance based upon extenuating circumstances without requiring the applicant to obtain a favorable ruling in a fair hearing?

RESPONSE:

No. However, if the State and the parents are in agreement, a trial-type evidentiary hearing would not be necessary. The undisputed documentary evidence could be presented to the fair hearing officer for his or her review and determination on the written record.

QUESTION 7:

Who has the burden of proving extenuating circumstances and adoption assistance eligibility at a fair hearing?

RESPONSE:

The Federal statute does not address the point explicitly. We would expect States to conclude that the adoptive parents have the burden of proving extenuating circumstances and adoption assistance eligibility at a fair hearing. However, as stated in the previous response, if the State agency is in agreement that a family had erroneously been denied benefits, it would be permissible for the State to provide such facts to the family or present corroborating facts on behalf of the family to the fair hearing officer.

It is under the interpretations found in these final two questions that the parties come before the Board in this matter and present their agreed upon facts. SRS agrees both that the petitioner would have gotten the subsidy benefits if she had applied and that the petitioner was never advised of her right to apply for such benefits during the adoption process. The sole question before the Board, then, is whether these facts constitute "extenuating circumstances" so as to justify a retroactive finding of eligibility.

An Ohio trial court (Calmer v. Ohio Dept. of Human Services, et al, Case No. 188051 [Court of Common Pleas, 1991]) has determined that just such a set of circumstances as exist in this case constitutes "extenuating circumstances" needed to justify a retroactive finding of eligibility because the provision requiring signing of the agreement before finalization cannot be used to deny eligibility in cases in which the state agency has itself violated the law by not informing the adoptive parents of the existence of the adoption assistance.

The Ohio court's analysis, which has been adopted by the Board in similar cases (see supra) is whether there are "extenuating circumstances" so as to estop the agency from denying benefits now. The Vermont Supreme Court has held that the Board has the authority to apply the equitable doctrine of estoppel in cases before it and to examine whether the

Department involved had a duty to the petitioner which it has breached and which has led to unfair treatment of the petitioner. Stevens v. DSW, 159 VT 408 (1992).

The four essential elements of estoppel to be met in this case are:

(1) the party to be estopped must know the facts; (2) the party to be estopped must intend that its conduct shall be acted upon or the acts must be such that the party asserting the estoppel has a right to believe it is so intended; (3) the party asserting estoppel must be ignorant of the true facts; and (4) the party asserting estoppel must detrimentally rely on the conduct of the party to be estopped.

Id, p. 421, citing Burlington Fire Fighters' Ass'n v. City of Burlington, 149 Vt. 293,299, 543 A.2d 686, 690-91(1988).

In this matter, the parties have agreed to facts that show that all of the above elements have been met. SRS was aware of the existence of the adoption subsidy program and appears to agree that the Human Services Agency has an obligation to inform potential adoptive parents of the existence of the program. (This obligation is specifically confirmed by HHS in the interpretive memorandum, ACF-PIQ-92-02 above at Question 3.) The Agency knew or should have known that its failure to notify the parent meant that the parent probably would not apply for such assistance. The parent in this case, in fact, did not know of the existence of the subsidy and based on this lack of knowledge did not apply for

the program to the detriment of her grandchild in terms of his ability to receive medical and other services he may need.

Thus, inasmuch as the petitioner has shown that all of the elements for estoppel prescribed in Stevens, supra are met, it must be concluded that "extenuating circumstances" exist in this case and that SRS is estopped from enforcing the requirement of a signed subsidy agreement prior to finalization of the adoption against the petitioner. As there is no further bar to the petitioner's eligibility for adoption subsidy benefits, those benefits must be granted to her.

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